

Iowa Communities of Distinction: An In-depth Study of Fort Madison, Iowa - A River Town Redevelopment Focus *

Sandra Charvat Burke and Mark A. Edelman **

March 18, 2004 (Revised June 10, 2004)

A Report Prepared for the

Community Vitality Center

478 Heady Hall

Ames, IA 50011-1070

Phone: 515-294-3000

FAX: 515-294-3838

E-mail: cvc@iastate.edu

Web site: www.cvcia.org

* This report includes an analysis and summary of factors identified in a series of in-depth community studies completed for a project called Iowa Communities of Distinction sponsored by the Community Vitality Center. The purpose of this project is to examine local perceptions regarding the factors that contributed to community vitality or the lack thereof during the decade of the 1990s in order to provide lessons learned, best practices and innovative ideas for other community leaders in Iowa and other states. Researchers identified eight non-metro communities ranging in population from 1,000 to 12,000. Two communities of similar size were selected from each regional quadrant of the state. One of the two communities from each quadrant exceeded the state average population growth rate for the decade of the 1990s. The other lost population. An interdisciplinary assessment team conducted on-site interviews with a cross-section of local leaders from local government, economic development, education, and healthcare in each community. A total of 75 community leaders from the eight communities were interviewed for this project. Draft reports were developed from field notes and local interviewees were given an opportunity to review the drafts for their community prior to publication.

** Sandra Charvat Burke is a Research Scientist and Mark A. Edelman is a Professor in the Department of Economics, Iowa State University. Both are affiliated with the Community Vitality Center. The authors would like to thank the 75 community leaders for their time and expertise in participating in this study. Tim Shields, Director of Education Services for the Institute of Public Affairs at the University of Iowa provided valuable input during the community selection process. Luke Seibert, graduate student in the Department of Regional Planning, is acknowledged for his participation in several site visits. Rick Morain, Jefferson Bee & Herald Publisher; Becky Johnson, Extension-CVC Secretary; and Laura Klesel, CVC Project Manager, are acknowledged for their editing expertise during final review.

Fort Madison, Iowa: A River Town Redevelopment Focus

Fort Madison is located on the west bank of the scenic Mississippi River in Lee County, the most southeastern county in Iowa. The river has been a source of identity, history, economic activity and recreation for the community. Fort Madison served as a military outpost from 1808 to 1813 and it was founded as one of Iowa's oldest communities in 1835. During the 2000 Census, Fort Madison registered 10,715 residents. This was a decrease of 7.8 percent or 903 people since the 1990 Census.

What Changed Fort Madison in the 1990s?

According to community leaders, during the decades leading up to the 1990s, Fort Madison was known primarily as an industrial and manufacturing town. Several national companies have plants located in the community. Dial Corporation has 550 employees. The Burlington Northern Santa Fe Railroad employs 270. Burrows Paper Corporation has 105 employees. Box USA, a paper mill, employs another 123 employees. Cyprus-Climax Company is a chemical manufacturer that has 120 employees. Gleason Corporation is a tire maker with 170 employed. Dupont employs 170. And, Sheaffer Pen Company has 115 employees. Mirroring national trends during the late 1980s and 1990s, Fort Madison's industrial and manufacturing base experienced significant layoffs and the community as a whole experienced high unemployment.

The traditional development strategy of recruiting new plants into the community from outside showed lackluster results during the 1990s and provided the impetus for local leaders to examine alternatives. Since the 1990s, the community has reconfigured its economic development resources and its enterprise mix. Today, the industrial and manufacturing base still contains most of the national companies of a decade ago, but the mix also includes some smaller and emerging companies. Local leaders report they are gaining some jobs back but in smaller increments and with smaller firms.

During the 1990s, the Mississippi River emerged as a renewed focal point for economic growth with Fort Madison developing several venues as a tourist destination community. The addition of a riverboat casino and other riverfront improvements provided a new community venture. However, the beginnings of the riverboat initiative were sometimes difficult because, even though the city had made \$2.5 million in riverfront improvements, the out-of-town investors in the first boat in Fort Madison pulled it out after just one year. Success came only after a local group invested and after local bonds were sold to finance a second boat. The second boat generated enough revenue to pay off the bonds early and now Fort Madison has a financial resource that employs 350, brings money into the community, and provides revenues for local budgets.

Also to enhance tourism, Fort Madison constructed a replica of the original fort on the riverfront next to the main street through town. An aesthetically pleasing downtown rehabilitation has been underway with architectural restoration of many downtown storefronts and the addition of period lighting, benches, and awnings to the look and style of an early 20th century river city. The revitalization also represents efforts to attract specialty shops and entrepreneurial niche marketing businesses to the restoration area.

Fort Madison attracts visitors to the nearby historic starting point for the Mormon Trail. Nauvoo, Illinois, is one of the most important sites in the history of the Church of Jesus Christ of Latter Day Saints. The original temple was rebuilt and dedicated in 2002. Although Nauvoo is in Illinois and just 10 miles away, Fort Madison is the largest nearby community with several motels and restaurants. During one recent year, 300,000 visitors came to Nauvoo to see the Temple and to commemorate the Mormon trek.

Fort Madison hosts several events to add variety in tourism appeal. An annual tri-state rodeo attracts 25,000 fans annually and has been held since 1948. Each year, several river recreation and sport fishing events including bass tournaments are held. Fort Madison is home to several parks, and local philanthropic efforts include a recent YMCA expansion. A new hotel and restaurant are being added to accommodate more visitors and tourists. The community also hosted RAGBRAI in 2003.

Regional transportation networks are being improved with a new interstate, the “Avenue of the Saints” and a Highway 61 bypass. Leaders have focused on generating regional support for rebuilding the double track train bridge. The bridge is a key connection for the nation’s commercial transportation system. The current low bridge design imposes some limits on rail and barge traffic. A modern design would accommodate all modes of transportation. Local, state, and federal officials have agreed to fund a feasibility study.

Local leaders expressed mixed views regarding initiatives to rebuild the river’s locks and dams. Lock capacity could be expanded so tow capacity can be enlarged from the current 15 barges to 30 barges that “super” tugs can handle. One tradeoff mentioned is that building new locks and increasing the barge traffic may produce environmental and recreational setbacks that impact bass and other sport fishing.

Fort Madison is host to Iowa’s oldest state prison, which continues to be an important source of employment for the region. Local leaders felt no stigma due to the location of a maximum-security prison in the community. They say that the prison is a self-contained entity located at the end of town with little integration into the community.

Healthcare

Local leaders report that healthcare is viewed as an important asset in Fort Madison. A new hospital was built in 1987 to which space for clinics and other additions have been added more recently. According to local officials, the new hospital and its additions have led to a near doubling of employment in local healthcare fields in Fort Madison since 1994. The new facility has also helped to improve the image of healthcare in Fort Madison and the hospital has captured a larger portion of its regional market share compared to previous years. Although the hospital remains focused on primary care, some specialty care is provided by physicians with their main practice located elsewhere.

A main concern for the hospital in Fort Madison is the level of Medicare reimbursement that is allocated to hospitals and physicians in Iowa. Iowa is among the states with the lowest per patient reimbursement from Medicare. Approximately half of the inpatients in

Fort Madison are in the Medicare system and the reimbursement rate for Iowa has a direct impact on the financial stability of the hospital, costs to non-Medicare patients, and the employment level that the hospital is able to maintain.

Education

In a manner similar to statewide trends in Iowa, Fort Madison has experienced declining enrollment in the K-12 school systems. Certified enrollment for 2003 was 2,509 students. This is down nearly 300 students or about 10 percent from a decade ago. Fort Madison is served by one public school district and two Catholic systems, all offering grades K-12. In contrast to construction of several new hospital facilities during the past 15 years, the public school system has relatively old facilities. While the buildings are in good repair, most are early 20th century facilities with the newest being built in the 1950s. Thus, they may not offer the physical environment available in many other districts. The district has made attempts to insure that students are prepared in computer and internet skills and the buildings are wired and cabled for internet access. No bond issues have been proposed, but voters defeated an instructional support levy proposal in recent years.

Fort Madison is one of the sites of Southeast Iowa Community College, which provides technical courses and some undergraduate courses. There is no four year degree program available locally. One local leader expressed interest in having the community develop collaborative affiliations necessary for the creation of such a local program and said that Iowa was potentially losing college students to Illinois since they could not complete a four year degree program on either side of the river in the Fort Madison region.

Development Limitations and Concerns

Some local leaders expressed dissatisfaction with the community's retail sector. The neighboring communities of Keokuk and Burlington were seen as possessing stronger retail trade. In contrast to trying to attract some of the same retailers that already are located in the nearby communities, local leaders hope that their focus on niche shops downtown will help to revitalize the retail sector in Fort Madison.

The long and narrow shape of the city generates unique navigational and infrastructure challenges and opportunities. Local leaders are evaluating retail and industrial location implications of the new Highway 61 bypass for the community. Regional transportation improvements and the enhanced tourism focus should provide opportunities to improve signage for first-time visitors along the many entryways into Fort Madison.

Many of those interviewed perceived local utility rates to be relatively high thereby impacting the community's ability to attract new businesses. There was particular concern with the phone system and the perception that the phone service provider was not willing to upgrade the system to handle advanced speeds and broadband technology.

Some leaders expressed dismay with the lack of new housing starts in Fort Madison and saw a need for modern and up-to-date office space and a large community facility for meetings and conventions. Some also expressed need for more childcare and mental

health services. Leaders indicated that one segment of local residents are often generally opposed to anything new and typically hold the belief that buildings good enough in the past are still suitable and acceptable now.

Some local leaders expressed the view that certain state budget and policy changes have had detrimental effects in Fort Madison. The repeal of the machinery and equipment tax was mentioned as causing a significant decrease in the city budget without any tangible increase in business recruitment success. While such policy changes may have helped to retain existing local firms, Fort Madison and other cities that have a core industrial base were hit especially hard by this tax repeal. Leaders also noted that 2003 reductions in state aid made by the Iowa Legislature forced Fort Madison into difficult decisions about which city services to cut.

There are continuing concerns about company downsizing in the community's industrial and manufacturing base as some job losses have been experienced in more recent years. Wabash National, a truck trailer manufacturer that employed 250, closed in 2001. Also Sheaffer Pen Company, a homegrown entrepreneurial success story founded in 1912, has been reported in recent months to be under consideration for closing by 2006 by its current owner Bic, which is a French company.

Finally, community leaders expressed concerns about job losses to Mexico and other places. They remain concerned about the longer-term effects of the North American Free Trade Agreement (NAFTA). Coupling those effects with cost of labor associated with organized labor in the region, some leaders expressed the perception that the economic outlook for the region was relatively weak.

Development Assets and Strategies for the Future

Local leaders reported that they took a proactive approach to issues rather than simply reacting to things that happened. Several said local attitudes toward business and industry have remained strong and positive. When asked to rate the enthusiasm of local leaders, all respondents said that enthusiasm had increased in important ways since the early 1990s. Some of the elected and appointed officials are persons who formerly had worked in private industry, and respondents noted good cooperation among city officials, the Chamber of Commerce, the Convention and Visitors Bureau, and the countywide economic development group. In addition, there was good cooperation regionally as evidenced by region-wide meetings and trips to Washington. In general, local leaders showed a reasonable consensus about their strategies for economic development and a willingness to put financial resources behind the strategies.

There was some consensus suggesting the primary development strategy should be a focus on retention and expansion of businesses and industries already in the community. One person expressed the view that 75 percent of job growth comes from within. Several leaders mentioned it was hard to bring in new industries because there was competition with cities from across the country. Local leaders said that to the extent there needed to be some focus on bringing in new industries; local efforts ought to be coordinated via countywide and regional development groups with business recruitment missions.

Some additional interest was expressed for developing a greater emphasis on entrepreneurship to help foster new businesses, particularly home grown businesses that support the existing industrial base and retail shops that are consistent with the historic downtown renovations and tourism destination concept. The city of Fort Madison has had local investors promoting and investing in the community. It was locals who funded the second casino boat and the new hotel and restaurant. Even though an informal network of investors exists, as a whole, local leaders said entrepreneurship is not promoted in an organized fashion. The city has made a beginning by sponsoring a revolving loan fund with revenue from the casino boat. Five businesses, all of which are still going, have been started or enhanced with these funds. Southeast Iowa Community College offers some courses and workshops on entrepreneurship and local Extension provides access to CIRAS industrial outreach. Most of the leaders said more could be done to support entrepreneurship and that expanded efforts in this direction would fit well with the focus on existing resources, businesses, and destination community concept.

Census data show that Fort Madison possesses a diverse population. Leaders indicate that current ethnic diversity is primarily second, third, and fourth generation residents who are already integrated into workplace and community life. New resident issues and cultural differences are not present to the extent experienced in some Iowa communities.

Local leaders report the city has used a range of development tools and taxing policies to promote business and industrial expansion. In addition to the city's revolving loan fund, city leaders have a tax abatement policy, use tax increment financing, have a hotel/motel tax, use bonding capacity, have used revolving loans from the Southeast Iowa Regional Planning Commission, and access other government and private grants when possible. Fort Madison has a capital improvement plan and a comprehensive plan. Such plans generally help to facilitate development. Although the city has not recently annexed new property, capturing new valuation growth might logically be considered by annexing area surrounding the new Highway 61 bypass and land where future development is likely to occur. Successful annexation can help to facilitate infrastructure placement and tax base growth to help keep tax rates down. The FY04 consolidated property tax rate is \$37.21 per thousand, which ranks 150th for Iowa cities.

Local leaders agreed that cooperation locally, countywide, and regionally are important for future vitality of the greater Fort Madison area. Local development groups include the Fort Madison Convention and Visitors Bureau, Chamber of Commerce, Fort Madison Economic Development Corporation, and Lee County Economic Development Group. The Convention and Visitor's Bureau creates an image as a destination community for tourism and recreation. It leads efforts to assist visitors with directions and information about area tourism and recreation attractions. The Fort Madison Chamber is organized into committees for business, community, and industrial development. The Fort Madison Economic Development Corporation is a separate corporation that provides local community leadership for industrial recruiting and marketing activities. It works closely and in partnership with a countywide entity called the Lee County Economic Development Group. A half dozen industrial park properties and sites suitable for a wide

range of industrial development activities are available in Fort Madison. In addition, a dozen commercial, industrial, and warehouse & distribution facilities ranging in size from 6,000 to over 200,000 square feet are available.

The regional council of governments serving the four counties of Des Moines, Lee, Henry, and Louisa is called the Southeast Iowa Regional Planning Commission (SEIRPC). Fort Madison leaders say they have worked with SEIRPC in many ways including making joint annual visits to the Iowa Legislature in Des Moines and to the U.S. Capitol and Congressional delegation in Washington, D.C. It was during one of these visits to Washington that Fort Madison was able to secure additional funding for the extra security that is mandated for the railroad bridge over the Mississippi whenever the national alert level goes to high/orange. Although those interviewed thought competition within the region is not the “hot button” issue it was in the past, some said that “friendly” competition does remain. A few leaders noted that within Lee County there remains some level of competition between the north and south part of the county; Lee is Iowa’s only county with two county seats.

In spite of difficulties in the 1990s, leaders of Fort Madison demonstrated capacity to reposition the city with a historic river town redevelopment flavor. With the Mississippi River, an industrial core, a state prison, and downtown revitalization, the community possesses a diverse economic base that is missing from many communities. Leaders are proactive in taking steps to work regionally. Community efforts to retain and expand existing businesses and industry coupled with tourism, recreation, and stronger entrepreneurial development efforts may well emerge as a successful strategy for sustaining community vitality for Fort Madison in the years ahead.